



Alcoholic Beverage Control Board

Meeting Minutes

May 22, 2018

Fourth Judicial District

Yupiit Piciryarait Cultural Center

420 Chief Eddie Hoffman Highway

Bethel, Alaska

Call-in Number: 1-800-315-6338, code 69173#

● **ADMINISTRATION**

A. Call to Order

1:00pm

B. Roll Call

Board Members Present:

Bob Klein, Acting Chair, Industry Member

Bobby Evans, Rural Member

Rex Leath, Public Safety Member

Glenn Brady, Industry Member

Staff Members Present:

Erika McConnell, Director

Sarah Oates, Program Coordinator

Legal Counsel Present:

Harriet Milks, Assistant Attorney General

C. Approval of Agenda

1:02pm

Erika McConnell states that she has updates for the Board regarding the approvals related to the transfer of ownership requested from Bethel Spirits to Caribou Traders Liquor for license #5447: there was no response from the City of Bethel during the 60-day period to the transfer application, the Department of Labor and Department of Revenue have returned no objection responses, and the background investigations are complete.

Bob Klein thanks the City of Bethel for donating the free use of the meeting location to the Board. He requests that public comments be limited to three minutes (per person).

Mark Springer, Bethel City Council member and Marijuana Control Board Chair, provides testimony as a resident of Bethel regarding the community, elders, and the effects of alcohol consumption on the individuals in the community.

(Inaudible individual) provides testimony in opposition to liquor stores in Bethel, and regarding the negative effects of alcohol on the Yukon-Kuskokwim Delta. He recommends that the Board members go see where the stores are in reference to schools, and how the stores operate. He hands out copies of newspaper articles to the Board members.

Walter Jim, council president for the Native Village of Bethel, provides testimony in opposition to liquor stores in Bethel, and regarding the negative effects of alcohol in the region.

Mitchell Forbes, Bethel City Council member and volunteer EMT, provides testimony as a resident of Bethel regarding the local option election that will take place in October, and in opposition to the AC Quickstop license. In response to Board questions, he states that the AC Quickstop licensee could be a better steward by making accurate claims about their operations and by providing increased security.

Gary Turner, Bethel resident, provides testimony in opposition to liquor stores in Bethel, and regarding the negative effects of alcohol in the region, including 14-15 alcohol-related deaths in the community one winter. He states that there will be a sobriety walk on the 4th of July, and he requests that the liquor stores close for the 3rd and the 4th.

Eileen Arnold, Tundra Women's Coalition, provides testimony regarding the connection between alcohol consumption and domestic violence, and regarding the lack of resources in surrounding areas. She states that her office has seen a massive increase in its work since the liquor stores opened. She encourages the Board to go and look at the stores and the neighborhood in which the AC store is located.

Carmen Pitka, program manager for CAC, provides testimony in opposition to liquor stores in Bethel, and regarding the negative effects of alcohol in the region.

Dave Trantham, Jr., 52-year Bethel resident, states that he lived under local option in Bethel for 33 years, and that it did not work very well. He adds that there are three kinds of liquor sales in Bethel: a legal sale, an illegal sale (bootlegging, or third-party sales), and a barter sale. He states that barter sales are big time in Bethel – people can trade their bodies or food stamps for alcohol. He states that it would be nice if the Board could consider how many felonies are from legal sales versus how many are from the other two types of sales. He adds that if the Board closes the liquor stores, that the sales will continue (in his opinion), and that nothing will stop the flow of alcohol into Bethel. He states that his preference is legal sales, even though his family has been affected by alcohol and drugs. In response to a question from Glenn Brady, he states that there have been more people carrying booze out of Bethel into dry villages since the liquor stores have opened.

Ray Watson, Chairman of the Association of Village Council Presidents (AVCP) – made up of 56 surrounding villages – provides testimony regarding the negative impacts of the Bethel liquor stores on the surrounding communities since they opened. He states that he opposes both the transfer (of Bethel Spirits) and (the renewal of) the AC store.

Twyla Elhardt, nurse in the City of Bethel, provides testimony as a Bethel resident in opposition to the transfer of the Bethel Spirits license to Caribou (Traders Liquor), specifically citing concerns about the location.

Anne Kosacheff, 23-year Bethel resident and 22-year volunteer EMT for the Fire Department, provides testimony regarding the increase of alcohol-related calls since the liquor stores opened. She states that the city is on track to have 1900 calls this year, which has doubled in the last ten years. She adds that she is not opposed to liquor stores in general, but that she is opposed to liquor stores with uncontrolled sales.

Cezary Maczynski, licensee of the third liquor store that has not yet opened, provides testimony regarding the fact that negative effects of alcohol consumption, including alcohol-related crimes, existed in the community prior to the liquor stores opening. He states that the community needs help from the state with bootlegging and other alcohol-related crimes because there is little enforcement and no repercussions. He adds that if there is no enforcement of the rules, or legal sales, then the community will be right back to bootlegging and home brewing.

Peter Atchak, 46-year Bethel resident and volunteer for Bethel Search & Rescue, provides testimony in opposition to the liquor stores, and regarding the community and the negative effects of alcohol on the residents. He states that he lost his 31-year-old daughter to alcohol this year. He adds that inebriated people have taken over the playground near the liquor store, and that kids will not go there anymore. He states that he was here when there were two bars and a city-owned liquor store, and alcohol issues were bad.

Howard Wossile, lifetime Bethel resident, provides testimony in support of the liquor stores, and regarding drinking in public and bootlegging in dry communities. He states that he has lost three brothers to drinking because they chose to drink and keep on drinking, even after family members talked with them about it. He adds that bootlegging still occurs in the city because many people have (alcohol-restricted) ID cards. In response to a question from Glenn Brady, he states that he believes that people are not reporting bad actors because they are relatives.

Danielle Craven, teacher and lifetime Bethel resident, provides testimony in opposition to the liquor store licenses, and states that she voted for legal sales two years ago in hopes of stopping bootlegging. She adds that she did not fathom the devastation of her people when she cast that vote. She states that the culture of drinking here is not normal, and that there is a lack of resources here for people who struggle with alcohol issues or are negatively impacted by alcohol. She adds that there has been an increase in the number of homeless young people as a result of easier access to alcohol. She gives specific examples of the negative impacts of alcohol on the community, and she states that it is very difficult to raise children in this community because of the alcohol-related issues. In response to a question from Bobby Evans, she states that if Bethel were to go back to the local option of no legal sales, then those who choose to drink responsibly would still be able to obtain and consume their alcohol. She adds that bootlegging has increased since the liquor stores opened, as the variety of alcohol that is sold in dry communities has expanded.

Sharon Chakuchi, Bethel resident and teen center employee, provides testimony regarding the negative effects of alcohol on the community and surrounding areas. She reminds the Board that three years ago, the Board determined that it was arbitrary, capricious, and unreasonable for the city to be a wet community yet protest all alcohol establishments in the city. She states that it is capricious and arbitrary for the Board to listen to all of this testimony and disregard it, and that there will be a reduction of harm if the liquor stores are closed.

Minnie Snyder, resident of Akiachak, provides testimony in opposition to the liquor stores, and regarding the negative effects of alcohol on the region, including crimes, losses of loved ones, and youth in jails. She states that the region needs help because of alcohol.

Janet Andrew, Bethel resident, provides testimony in opposition to the renewal of the liquor store licenses, and regarding the lack of resources in the villages for help with alcohol-related violence and crime.

Ruth Evon, Bethel resident, provides testimony in opposition to the renewal of the liquor store licenses, and regarding the increase in alcohol consumption as a result of the liquor stores opening. She states that cab drivers know where to buy booze (illegally) at any hour, and she provides specific examples of how alcohol has negatively impacted her family and neighboring villages since the stores opened. She states that she is speaking for some elders who only speak Yupik, when she says that we are hurting.

Dave Mute, lifelong Bethel resident, states that there are only a certain number of officers who can respond to the calls in Bethel and in the 56 neighboring villages. He adds that he is seeking assistance from the federal government with alcohol problems, specifically bootlegging. He states that he wants the liquor stores to remain open, but for there to be a limit on the amount of liquor that can be purchased. He adds that he wants there to be more enforcement of bootlegging, and he asks that the Board help find a way for the region to receive federal resources and assistance.

Ronda Sargent, Bethel 4H program director and 14-year Bethel resident, states that since the liquor stores have opened, her staff has been on high alert. She adds that she voted for legal alcohol sales in Bethel, but that this is not what she envisioned, and she hopes that the Board will deny the applications.

Jennifer Dobson, Bethel resident, provides testimony in opposition to the renewal of the liquor store licenses, and regarding the negative effects on the community since the stores opened. She states that she no longer feels safe in her own community. She adds that the ABC Board processes have been frustrating and confusing, and she requests that the ABC Board uphold and honor the municipal protests of the licenses.

Bob White, pastor at local churches and director of local youth camps, provides testimony in opposition to the renewal of the liquor store licenses, and regarding the negative effects on the community since the stores opened. He provides specific examples of negative impacts since legal sales were allowed, and states that bootlegging has increased. He states that he is not opposed to the availability of alcohol, but that the current method is not working. He adds that the riverfront location is a horrible location for a liquor store, as it is right next to a dangerous body of water.

Mildred Nicholas, resident of Kasigluk, provides testimony in opposition to the liquor stores, and regarding the effects of alcohol on the surrounding villages, including suicides and absent parents.

Rachelle White, nursing instructor in Bethel, states that kids who are beginning to drink do not understand the consequences on their lives. She adds that she is very opposed to the locations of the stores, and she pleads the Board to check them out. She states that her son died from alcohol, and that safety of the people is at risk. She requests that the Board think about the free flow of the alcohol.

Liz Pederson, public defender and 15-year Bethel resident, provides testimony regarding alcohol and substance abuse, and the lack of resources available in the region. She states that the Search & Rescue and Police Department are completely maxed out, and that alcohol-related issues have increased dramatically over the last three years. She adds that many of the surrounding villages do not have a single police officer. She states that she is opposed to these liquor store licenses simply because they have a negative impact.

Ina Pavila, Bethel resident and suicide prevention worker, states that she is considering living elsewhere due to the negative impacts of alcohol on the region since she bought her home a few years ago. She states that there is an alcohol epidemic here, and that the liquor stores are located in a low-income housing area. She states that she and her children have a human right to live in safety and in peace, and that the community does not have proper resources to handle alcohol-related issues. She adds that 90% of suicides in the region are alcohol-related.

Nancy Beans, lifelong Bethel resident and victim of domestic violence, provides testimony in opposition to the liquor stores, and regarding the negative impacts of increased availability of alcohol in the region, including an increase in alcohol-related crime and deaths. She adds that the location of the AC Quickstop liquor store is bad, and that nobody wants to go there anymore (because of the alcohol sales).

Albert Quagly, Bethel resident who lives right next to the liquor store, provides testimony in opposition to the liquor stores, and regarding the effects of alcohol on the community and residents, including an increase in alcohol-related deaths.

Wesley Russell, local pastor, chapman of the jail, and maintenance man at the AC store, provides testimony regarding the AC store. He states that he is against alcohol, but that the AC store does what it can to keep drunks out of the store. He adds that since the stores have opened, the police, fire, and ambulance calls have increased drastically, to the point of 188%. He advises the Board to close the liquor stores in town, and that there be a tightly-controlled place for people to obtain alcohol (through orders).

Earl Babble, Bethel resident and 21-year US Army veteran, provides testimony regarding the people's ability to vote and the fact that the people in the community voted for the liquor store. He states that he is in favor of legal sales, and that there were bootleggers in every neighborhood before the stores open. He states that the majority of people who are inebriated in town are not locals.

Earl Samuelson, long-time Bethel resident, provides testimony regarding the liquor store and the bars that existed in the 1970s, and gives examples of many alcohol-related deaths. He requests that the Board visit neighboring villages that are being affected by the Bethel liquor stores, to see the impacts first-hand. He states that (Bethel's previous) local option helped the neighboring villages.

William Updegrove provides testimony on behalf of his wife in opposition to the liquor stores, and regarding Bethel's former local option.

Seth O'Brien states that this is an issue of the heart and whether we love our fellow man or not. He asks whether we are trying to protect our people, and states that we should obey the definition of love, to protect. He states that a few minutes of pleasure for a buzz is not worth it – that it's selfish and not love. He adds that the people who have spoken today are speaking on behalf of their loved ones, and that there is a spiritual warfare going on in this city. He states that (the alcohol issues) have been undoubtedly worse since the liquor stores have opened, and that it's been primarily the

Native people who have been negatively impacted by the stores. He urges everyone on this Board to think about the testimony given today and to fight for those in this community and this culture.

● **BREAK**

3:33pm

● **PUBLIC TESTIMONY**

3:51pm

Bruce Claypool, local pastor and volunteer EMT with the Fire Department, provides testimony in opposition to the liquor stores, and regarding the consequences of alcohol abuse in the area. He states that in the past few years, the problem has become more severe, and that the visible evidence is extremely obvious. He adds that he is completely opposed to the location of the current (AC) liquor store, as it is not set up to handle all of the traffic in the area, and inebriates have taken over all of the public spaces in that area. He states that his kids are no longer allowed to go out on their own anymore, specifically because of the effects of the liquor store in that area. He adds that the single (AC) liquor store has created a public safety crisis in the area. He states that he is completely opposed to the renewal of the AC license, and he is appalled by the proposed new location for the store.

Barbara (no last name provided), resident and widow of a former village public safety officer (VPSO), provides testimony in opposition to the liquor stores, and regarding the issues that alcohol is bringing to the community and surrounding villages. She states that the streets are no longer safe for the youth in the community, and that all public health and safety resources are being overworked as a result of alcohol. She identifies two active VPSOs who join her at the table, and states that her husband used to take food out of their house to feed children who aren't being fed because of their parents drinking alcohol.

Max Olick, VPSO in Kwethluk, provides testimony in opposition to the liquor stores, and regarding the effects of alcohol on a community. He states that whenever he recovers a body, it's always due to an alcohol-related accident. He states that since the stores have opened, he's seen families that had never (previously) touched alcohol get into it really bad, and women get beat up so badly that you can't even recognize their faces.

Nicolai Joseph, Kwethluk Tribal Police Chief, states that before the liquor stores opened, he averaged 23 cases; since they opened, they've averaged 60. He states that there shouldn't be the option for damp communities – that it should either be dry or wet.

Nikki Paula Hoffman, lifetime Bethel resident and former City Council member, provides testimony in support of legal alcohol sales. She states that alcohol should not be blamed for people's poor choices. She states that the community needs more resources, and that the community may not have been ready for liquor stores, but that's what the people voted for. She adds that with legal sales, the community is able to capture back some of that money through alcohol taxes. She states that people need to take personal responsibility and have self-control, and that that comes down to education and resources.

David Mute provides testimony regarding recent unsolved murders and local gang activity by bootleggers.

Sammy James Anvil, local resident, states that he is an alcoholic who loves to drink, and that he has had many friends who have passed away from alcohol, as well as a son who died at the age of 23 from alcohol. He adds that he started drinking at the age of 13, and that he wants the liquor store to be closed because he's had friends who've recently frozen to death or died from choking on their vomit. He states that he wants to stop drinking, but that when the liquor store opened, one of his family members said that he would be the first person in line.

Richard Robb, Mayor of Bethel, provides testimony regarding the controversial nature of alcohol in the community and region. He states that the Bethel City Council has taken some positions, and that the City Council thoroughly examined the applications and protested the AC application by a majority vote due to public safety concerns. He adds that he would like the ABC Board to respect that vote. He states that the Bethel City Council examined other applications, and it did not protest the renewal or transfer applications for Bethel Spirits.

Fred Watson, Vice Mayor of Bethel and members of the Bethel City Council, provides testimony regarding the AC (Quickstop) liquor store renewal. He states that the City was not approached by the store until the licensee found out that the City planned to file a protest. He adds that the store's poor responses to the City's concerns regarding safety and security showed that they were not good stewards. He states that the location of the current store is located in a bad location, and that the licensee has had two years to find a new location for the store. He reminds the Board that it recently reviewed two applications for package stores in Bethel, one of which was protested for public safety reasons, and the Board upheld that protest.

Anna Nicholas, 30+ year resident of Bethel, states that she has four children, one of whom she lost to an alcohol-related suicide, and another is an alcoholic. She adds that she had voted to approve legal alcohol sales in Bethel, but that she regrets making that decision, and she does not want to lose another relative to alcohol.

Molly Boyle, 3.5-year Bethel resident and nurse in the OB unit, states that she has lived in the community before and after the liquor stores. She states that alcohol is and has been a big issue (in Bethel), whether there is a liquor store or not; however, the community is now seeing the impacts of having a store, and she has heard stories of many women who have been negatively affected by the addition of the store. She provides testimony in opposition to the liquor stores, and states that she has seen friends who've fought for sobriety fall back into alcohol abuse because of the liquor store.

Elena Williams, Napaskiak resident, states that she wants the liquor stores to close because the teenagers and minors are starting to drink alcohol. She states that third and fourth graders are telling on their parents when the parents are buying alcohol from bootleggers, and that the children know the names of the brands of alcohol being purchased. She states that people went house to house to sign papers to open a liquor store, but that they didn't even go to the elders, and that people are dying in accidents and are murdering people because of alcohol. She sees the people who are trying to sell the alcohol as killers, and she feels sorry for the children who are orphans because their parents were killed from alcohol. Her translator states that obscene things happen behind the liquor store, and that her cousin had taken pictures but ended up deleting them because he couldn't handle seeing them anymore.

Sam Samuelson states that he used to consume alcohol irresponsibly, but that now he works for Search & Rescue. He adds that since the liquor stores have opened, Search & Rescue has been overwhelmed and unofficially goes by "Search & Recovery" because so many of the calls he receives are for people who are beyond rescuing. He states that they started counting bodies that they were

recovering in October, but he lost track at 21. He requests that it no longer be legal for people to buy cases and cases of alcohol – that there be a limit, especially to the people who come in from the villages to buy alcohol.

Leif Albertson, Bethel City Council and fireman, states that the Board has a protest in front of it that was carefully considered by the Council, and that today, the Board has gotten a sliver of an idea as to the controversy of alcohol in Bethel. He adds that the decision to protest was an open, public process that was carefully deliberated. He states that there are strings attached to local option, including mandatory felonies that would permanently impact youth, which have weighed in on the community's reluctance to go back to local option.

Nora Brink, resident of Kasigluk (a small village 46 air miles from Bethel), states that she wishes that people could be that easily-educated regarding alcohol. She states that she is involved in the tribal court, and that there used to be less than 40 cases in the court; after the stores opened, over 200 cases came to her court regarding alcohol. She adds that a lot of kids get taken out of the homes, there is a lot of domestic violence, and this winter was the first time that the members of the community felt scared to leave their homes due to alcohol.

Susan Taylor, Bethel resident since 1984, asks whether the penalties for bootlegging differ depending on if a community is wet or dry.

Rex Leath states that the penalty is dependent upon whether the alcohol is wet, damp, or dry, and how much alcohol is involved.

Susan Taylor asks how to make other options for alcohol sales available to communities. She states that often times people don't know what they're voting for because of the wording of the ballot measures. She recommends that the Board members visit the women's shelter, if they aren't able to visit the villages.

Grady Deaton, Bethel resident, states that if Bethel goes back to the way things were, that the unexpected consequence may be that more money will go back into the hands of bootleggers.

Lillian (inaudible last name), from a neighboring village, provides testimony in opposition to the liquor stores, and states that the money gained through sales and taxes will never replace the people lost by the alcohol obtained from the stores. She asks whether the Board has looked at the statistics of domestic violence and deaths in Bethel since the liquor stores opened.

Bob Klein states that the Board has not, but that the City Council has provided some figures.

(Inaudible name), from a neighboring village, provides testimony in opposition to the liquor store renewals, and states that more people are drinking and dying as a result of the easier access to alcohol.

Michael Williams, counselor from Akiak, provides testimony in opposition to the liquor stores due to an increase in bootlegging and alcohol-related deaths in their village and neighboring villages. He states that the previous liquor stores were closed because of the same alcohol issues.

Lorinda O'Brien, Bethel resident, states that she has chosen to live here, though she is not from here. She adds that there have been very deep and emotional testimonies all afternoon. She states that the conversation about whether to have liquor stores always comes down to the argument that the stores will make money for the city. She adds that she has seen a lot of negative social impacts (as a result of the stores), and that there are lots of people in the region who want to be heard because of the concerns related to the traumas that different families experience, as a result of the stores. She

states that the children can't tell (the Board) the traumas that they've been through. She agrees that individual choices to eat unhealthy and get diabetes are individual choices, but what about the children?

Tonya Ipsuk, Kwethluk resident, provides testimony in opposition to the renewal of the licenses. She states that the tribal members were promised resources, including safe houses, but that they were never provided.

Martin Andrew, Kwethluk resident, provides testimony in opposition to the renewal of the licenses.

Will Barron, cultural and medical anthropologist living in Akiak, provides testimony regarding the effects of alcohol on the community, and the lack of resources in the community. He states it is his belief to renew these liquor licenses without the resources in place in the neighboring communities, would amount to an unconscionable disregard to the health of the people of the region.

Richard Long, Kwethluk resident, provides testimony in opposition to the renewal applications due to lack of support for the neighboring villages.

(Inaudible name), Napakiak resident, provides testimony in opposition to the liquor license renewals.

Bob Klein states that in the interest of time, he apologizes, but he has to close public testimony at this time.

● BOARD CONSIDERATION

A. 5447 Bethel Spirits: Bethel Spirits, LLC
750 Front Street; Bethel
License: Package Store

5:45pm

TAB 1

Public hearing on received objections against:

Erika McConnell states that the City of Bethel did not protest the license renewal application, but that the hearing that was just held was done in response to a public objection. She adds that there was a request made by the licensee to postpone consideration of the applications until after the local option election in October. She recommends that the Board take action on the renewal application at this meeting, but that it postpone action on the transfer application until after the local option election.

Ana Hoffman, President and CEO of Bethel Native Corporation, provides testimony regarding the history of alcohol local option in Bethel. She states that Bethel Spirits has been operated in accordance with all municipal and state laws, and that the City of Bethel did not take a position of protest to this application. She states that the AVCP letter of objection to the license renewal is very clearly arbitrary, capricious, and unreasonable, and that the concerns heard today are all concerns with alcohol abuse, and not with the operation of this particular license. She adds that the liquor licensed businesses deserve to be treated the same way as all other statutorily-abiding businesses in Bethel. She requests that the Board postpone consideration of the renewal and transfer applications until after the October 2nd local option election, but that she would also be in support of the Board approving the renewal application at this time and then considering the transfer application after the election.

Glenn Brady asks why the license has only been operated to meet the minimum operating requirements.

Ana Hoffman states that it has been their business choice, and that they are in a temporary location.

Glenn Brady asks whether she, as a community member, has any concerns about how Caribou Traders may operate the license.

Ana Hoffman states that she understands that Caribou Traders holds other licenses, and that she expects they will operate in compliance with the statutes, regulations, and municipal codes.

Glenn Brady moves to approve the renewal of the license for Bethel Spirits #5447, for purposes of discussion.

Rex Leath seconds the motion.

Glenn Brady states that he is of mixed mind about (renewing this license) after hearing the very impassioned testimony presented today, understanding the will of the voters, and being cognizant of the statutory responsibility laid upon the Board, and how it affects livelihoods in all aspects. He acknowledges that the City Council has not protested this application, and it is the local governing body. He adds that he would be remiss in not raising concern about the testimony (the Board has) heard, and he would implore the licensees, as pillars of the community and responsibly business people, to maintain a very strong, vibrant, and open dialogue with the community with respect to how to resolve the myriad issues, knowing that there is no clean solution and it's an incredibly complex challenge.

Bobby Evans asks if the Board does approve this license, whether Bethel Spirits plans to with the business model that it's had for the past year.

Ana Hoffman states that she would support the recommendation from the director, but if (the Board)would prefer to postpone the action on the renewal until after the October vote, she is comfortable with that approach, as (the licensee does) have a temporary license that it could operate under at this time.

Rex Leath states that the Board has heard some very relevant and very important comments that touched the soul of the community, but he thinks that it's also imperative that (the Board) separate that out, when appropriate, geographically, as it has two licenses in front of (the Board). He adds that he wants to make sure that (the Board) does not apply all of those comments as a group to both of those licenses if they are not applicable to both. He states that several comments were geographically based, and that all of the concerns didn't reference both licenses, which is one thing that he is considering.

Bob Klein states that this is a renewal of a license that's barely operating, and that he doesn't think there's anything before (the Board) that requires (the Board) to pull the license, which is what non-renewal would be. He adds that he likes the idea of postponing any further action, as far as transfers, on this license until after (the Board) can see what the voters would like (after the local option election).

Bob Klein asks whether there is any objection (to the motion to approve the renewal of the license).

None opposed, motion to approve the renewal application carries.

Glenn Brady moves to postpone action on the transfer of license 5447 to Caribou Traders to a convenient time after the October 2nd election.

Bobby Evans seconds the motion.

Rex Leath states that he supports the motion because it seems like it's in the best interests of the licensee and of the community, and that this is in no way trying to delay the process.

None opposed, motion to postpone carries.

Bob Klein states that when this transfer comes up, given the fact that this group has heard what it's heard today, and given the fact that this Board can put whatever restrictions and whatever conditions on a license, that is not just going to be rubber stamped – that (the Board) is going to be paying a lot of attention.

1. Renewal License Application

TAB 2

2. Transfer of ownership to Caribou Traders Liquor, LLC DBA Caribou Traders Liquor **TAB 3**

Local governing body action: pending City of Bethel

Pending: Department of Labor, Department of Revenue

Background investigations: pending

B. 5418 AC Quickstop: The North West Company (International), Inc.

6:03pm

TAB 4

131 Akakeek Street; Bethel

License: Package Store

Renewal license application.

City of Bethel protests due to public safety concerns.

Public objections received.

Erika McConnell states that this license has been protested by the City of Bethel, and she reads AS 04.11.480(a), which states that if an application or continued operation is protested, the Board shall deny the application or continued operation unless the Board finds that the protest is arbitrary, capricious, and unreasonable. She adds that the licensee submitted a timely renewal application, the City of Bethel submitted a timely protest, and a temporary license was issued to the licensee on December 22nd. She states that after reviewing the protest from the City of Bethel, it is her opinion as the director that the protest is not arbitrary, capricious, and unreasonable, and it should be upheld.

Katie Davies, attorney on behalf of AC, and Walt Pickett, General Manager and Vice President of Operations for The North West Company, pass out a handout to the Board members and provide testimony regarding the renewal application.

Katie Davies states that the company takes the public testimony very seriously, wants to operating responsibly in Bethel, has been operational in rural Alaska for 150 years, holds eight package store licenses around the state, and has had zero violations in Bethel since it opened in 2016. She provides a brief history of legal alcohol sales in the community, and states that the company invested \$750,000 in the current location at the time that it initially applied for a license in 2015 and 2016, based upon the rules that were in place at that time. She adds that the company has operated the license responsibly and in compliance with the laws since that time. She states that the company did not become aware of the City's primary concerns with the license until a formal protest was lodged by the City. She states that the company as limited the amount of alcohol sold to an individual person each day, as well as its operating hours, even though it cuts into its revenue, in order to be proactive and to support the community. She adds that since the company learned about the City's concerns with this license, it has taken every

feasible measure possible to work with the City and to address their concerns heads-on. She states that the company has given the City's police officers full access to the security cameras and video footage. She adds that in response to the City's concerns about the fact that their security officers were plain-clothed officers, that the point was for the officers to be able to detect shoplifters without detection. In response to the City's concerns, the company now has security officers with badges that clearly say security, who are monitoring both stores during high-volume times. She adds that it's worth noting that there is no provision in the Bethel Municipal Code that requires security guards at the package stores, and that the company is being held to a different standard than the other package stores. She states that the company has closed its store on Sundays, further reduced its operating hours, in response to the City's concerns, and in order to relieve some of the pressure on the emergency response teams. She adds that the store has further reduced the amount of hard alcohol that will be sold to each individual from twelve to six 750mL bottles per person, per day, and as was the store's practice when it initially opened, for every person who has purchased the maximum amount of alcohol, the store has taken their information (including name and address) and sent it to the Troopers and to AMCO enforcement. She states that (the company) has requested work sessions with the City after receiving the protest, but (the City) has declined to engage with (the company) at that level. She adds that there has been a lot of miscommunication and misrepresentation about the facts, and that the company wants to be a good operator. She states that the company is in the process of compiling a "do not sell" list to ensure that alcohol is not sold to bootleggers. She adds that it's worth noting that as of right now, the store generates \$1million in tax revenues a year for the City, and that some of the social issues that are the byproduct of alcohol could be addressed if that money were to be reinvested into the community and programs that provide essential services. She states that the company's request is to have the application renewed while it undergoes the process of obtaining a (conditional use permit) for a different location. She adds that the store manager has met with the City Planner about potential locations, but the only reason the company has not moved forward on it is because of the certification of the local option (election). She states that the company's initial letter in response to the City's protest proposed that the license be renewed for two years with the condition that (the company) show good faith efforts, that the company would collaborate with the Council to show what those factors looked like, to put those in a resolution, and have quarterly reporting requirements to demonstrate that it is looking for a new location. She states that she believes the City's protest is arbitrary, capricious, and certainly unreasonable, particularly considering how the City is treating other operators in the community. She requests that (the Board) renew the application with the understanding that (the company) is looking for a new location, and offers that reporting requirements be put into place.

Glenn Brady states that he wants to understand correctly, that the licensee reported that it generates \$1million in tax revenue to the City per year, and he asks what the tax rate is here.

Walt Pickett states that it is 15%.

Katie Davies clarifies that the generated taxes are for both stores, but that 98% of the revenue is for AC Quickstop.

Glenn Brady states that by some quick math, that's slightly over \$6.5million in sales

Walt Pickett states that that is correct.

Glenn Brady asks how the licensees, as citizens, reconcile the voluntarily limitation of sales to six 750mL bottles per person per day, with the testimony heard today with regard to the bootlegging problem in the areas outside of this community.

Walt Pickett states that the initial limit that was imposed, which was self-imposed, was twelve 750s, which is equal to one case, as packaged by the companies (who they purchase from). He

states that the limiting was solely to address bootlegging, and that the bootleggers don't deal with twelve bottles – they deal with potentially pallets. He adds that (the company has) been working with the City, the people, and the task force, and (the company) has adjusted its hours and continued to act in response to suggestions from the community.

Katie Davies states that the AC is best suited to operate the liquor store because mom and pop stores aren't going to be big enough to be able to afford to close on Sundays and take other measures.

Glenn Brady asked when the second reduction of the per-person-per-day sales occurred. Walt Pickett states that it's been within the last 60 days.

Bobby Evans states that the Board has heard almost five hours of testimony today from all different sectors of the community. He states that he understands there are challenges in every community, but the common theme he got today was there's an issue with (this store) – the location, the safety, the parking, proximity to schools.

Katie Davies states that from a practical standpoint, a lot of the concerns are going to be focused on (the AC) because it is the only store that is operational 365 days a year; (Bethel Liquor Store) is not going to have the same issues because they are not open more than thirty days a year, and across town. She states that presumably with two other stores opening up, that a lot of the traffic would be diverted to those locations, which would stop the bottlenecking of the traffic. She adds that (the company) is proactively working on the issues and working to relocate.

Rex Leath asks after what everyone has heard today, whether the licensees feel like their business model is working for the community.

Katie Davies states that she thinks that there could certainly be improvements, and that in hindsight, the location is not working for the community. She adds that to focus on just that one aspect of the issue is unreasonable and not fair to the licensee because when (the company) originally applied for the permits for (the existing) location, it relied on the City's process and invested a large sum of money in that location. She reminds the Board that (the company) is only asking to remain operational until it can move, and states that it does not want to close the doors because it can continue to be responsible and improve its policies and procedures if it has a willing partner (in the City).

Bob Klein asks what procedures, if any, the store has in place to recognize Bethel citizens from those in villages.

Walt Pickett states that this is accomplished through the requirement of identification.

Bob Klein asks what happens when (the store) identifies (people from villages).

Walt Pickett states that when they are identified, and if they make that large purchase, that information is given to law enforcement, but it's not (the company's) place to judge if a person can or cannot legally purchase alcohol just based upon the location from which they reside. He states that they do not put limitations on an individual who is from out of town – that they rely on the state's card system (regarding alcohol-restricted identification), and that they only accept valid, non-expired ID.

Bob Klein asks what procedures the store has to limit runners – folks who buy for other groups.

Walt Pickett states that the store has a limitation on purchases and is working on a no-purchase list based off of Kotzebue's model.

Glenn Brady asks where the licensees reside.

Katie Davies states that she lives in Anchorage.

Walt Pickett states that he lives in Eagle River.

Patty Burley, Bethel City Attorney, and Richard Robb, Bethel Mayor, identify themselves for the record and provide testimony regarding the protest of the application. Ms. Burley states that she agrees that there is a lot of misunderstanding here, and she provides a brief history of legal alcohol sales within Bethel. She states that the City did not protest the renewal of Bethel Spirits because they're barely open, and any protest would be arbitrary, capricious, and unreasonable under the Board's own findings. She adds that the City has to look at each business for where they are, what they are, and what their business models are. She agrees that AC opened before the City had the alcohol code. She states that the City did treat AC the same (as the other licensees). She states that deaths have gone up by 83%, intoxicated pedestrians have more than doubled, call volume has risen by more than 7,000. She states that the City is holding the AC responsible for their store, and that security is a problem. She states that for the first time in two years, (the City) is at full capacity with the police department – they can't handle the call volume; AC Quickstop more than doubled their calls. She adds that in 2014, AC had 425 calls, and last year, there were 1349 calls. She states the City is concerned about the drain on resources, and that (the City) can hold AC responsible because they are the ones operating. She adds that they would not require Bethel Spirits to have security because the call volume has not increased over there; it has only increased at AC. She states that the Mayor started an alcohol task force, and that AC was invited right from the beginning and has attended. She adds that AC stated that they will only uphold the bottle limit as long as another store doesn't open up without one. She states that the problem with AC insisting that it will only meet with the City Council is that Bethel is a City Manager-run form of government, so it's not effective. She states that the City Manager has been meeting with the AC. She adds that the location is right next to ASHA housing, and that the City has been forced to cut down all of the trees in the park by AC due to problems caused. She states that the City would love to work with AC, but that it does not have two years to wait for the move.

Richard Robb states that he is basically representing the Council, and that this was a Council decision based upon study and testimony. He adds that several options were considered, including approval with conditions, but that it ultimately decided on protest. He states that the Council did direct the City Manager to work with AC, and that the Council did invite AC to come to a task force. He adds that the actual location of the current AC liquor store was controversial from day one, and Bethel Council originally protested that liquor license back in 2014/15; the protest was rescinded following a change in the Council. He adds that the Council's position isn't to protest liquor sales – that the people decide that and will again at the October 2nd election. He states that AC liquor store was protested based on a lot of conditions – business model, location (in the biggest housing subdivision in town with a lot of kids), traffic hazard, inadequate parking, lack of security. He requests that the Board respect the protest of the City Council as the governing body, as it was based on evidence and what is best for the people; it was not based on a judgement of liquor sales per se, as the Council has decided to not protest licenses for other establishments.

Bob Klein asks whether the City understands that if the Board upholds this protest that this license goes away.

Patty Burley states that this was a decision not made lightly - \$1million in taxes is a lot of money, and Bethel does not have property taxes, but it can't be about the money.

Rex Leath asks whether the City feels like this a challenge it is having with a certain entity, or just the fact that there is an alcohol establishment in that location.

Patty Burley states that it is a horrible location, without a doubt, for a liquor store, but that the concern is the behavior (the City) has seen – including the rise in calls without the licensee taking any responsibility, the haphazard security, and leaving it up to the City to clean up the mess. She states that the City does not hold the licensee responsible for the alcohol problems as a whole.

Rex Leath asks whether if another company were to open a store a block down the street, whether that company would have the same challenges.

Patty Burley states that she can't say – that if a store came in and tried to put security outside, that that might work, and that there's more the licensee can do.

Rex Leath asks where the City thinks the problem is going to go.

Patty Burley states that the City understands that the bootlegging problem has been there long before the store, but that the call volume was at a stagnant point. She states that someone else could open a store and be responsible, which is all (the City) is asking (for). She adds that the City is not having a problem with Fili's (a restaurant or eating place licensee), and their parking lot is jam-packed at all times.

Richard Robb states that any other person who applied for a license would have to go through a process, would be examined, and would have to apply for a conditional use permit which addresses security and the neighborhood.

Glenn Brady asks when the alcohol task force was formed.

Richard Robb states that there have been a couple of meetings, so a couple of months ago. He gives credit to the AVCP.

Bob Klein asks whether the City has considered what is going to happen with no regular liquor store, if and when the Board closes this, and with Bethel Spirits only open 30 days per year.

Patty Burley states that the City is still wet, and it would be no different in 2009-2015.

Bob Klein asks what the City will do about the bootlegger problem that is going to ensue.

Patty Burley states that the problem is here now.

Bob Klein states that the bootlegging will start once the AC is closed.

Patty Burley states that every statistic the City has shows that the bootlegging is actually worse (since the AC has opened) – the menu is bigger and the access is easier.

Bob Klein asks if tomorrow, the Board closes the AC, and Bethel (Spirits) is geared to only open a few times a year, is (the City) ready for the influx of bootlegging that will occur, and how?

Patty Burley states that the City is ready, and she asks how it would be different than what the City has lived with in the past. She states that she doesn't think it's going to be any more difficult than the problems that (the City) had before (the City) got to where it is right now.

Glenn Brady asks if the Board follows (the City's) instructions and denies this renewal, whether it would have any objection to the AC reapplying for a package store license at a different location.

Patty Burley states that she doesn't see why not.

Sarah Oates states that the City of Bethel's population has gone down to where there are now only two package store licenses allowed by population within the City limits; because Bethel Spirits has a license, and because another (package store) license has been approved for an individual present in this room, there would not be another license available.

*Patty Burley states for the record that the City did not know that.
Richard Robb states that Bethel is growing.*

Rex Leath states that when there is a need or a demand for alcohol in a community, the desire does not go away, even if the package stores are shut down. He adds that if one were to go away, there is going to be a huge business draw to provide that service. He asks if the City had proper law enforcement, whether that would help mitigate the challenges it's having, or whether it's solely just a management problem with the package store.

Patty Burley states that she thinks it's both because the City is at full capacity. She states that a lot of (law enforcement) feels that they are just drunk babysitters. She states that if the City were to go damp (and have a City-owned package store like Kotzebue) and law enforcement was fully-staffed, that it still might not make such a difference because the volume is being shifted from the store to the City. She states that at this point, the City does not have the ability to provide any more law enforcement.

Bob Klein states that he doesn't like it because what (the Board) is supposed to be doing is what's in the public interest, and he doesn't see where suddenly causing the City of Bethel to abstain is going to solve this problem. He states that he would like first is to see what (the Board) is talking about in terms of the location, and that (the Board) has been talking about going tonight. Then, perhaps, (the Board) could come up with something Solomon-like at its June meeting, but the most judicious thing it could do at this moment is postpone this until it gets more information.

Bobby Evans states that (the Board) just flew in today, and he decided to go into the AC store. He states that as he was walking over there, he saw a man passed out by the cab line who was trying to get up, and the cab drivers were just watching him (which led Mr. Evans to conclude that this must be where the liquor store is). He adds that when he couldn't find the liquor store inside, one of the ladies said that it was on the other side of town. He states he sat down and ate his lunch there, and he saw a lady who was bleeding from her face scream and run by him into the bathroom, but nobody did anything. He adds that a guy with a red polo shirt with a little badge on it told the clean-up guy to make sure that the woman left the store when she came out. He states that the scenario made him think that if this is how AC runs its grocery store, then he wonders how it runs its liquor store, and he can see where people are coming from when they say that they are afraid to go to the grocery store. He adds that in a lot of the stories today, the Board heard about issues with the AC liquor store. He states that with all of the testimony and stories heard today, he thinks there is a problem with the AC liquor store, and he thinks (the Board) needs to address that.

Bob Klein states that he agrees – that there is a problem – but that (the Board) doesn't have enough to solve it. He adds that his point is if this Board upholds this protest today, that it has implemented one solution, but there may be better solutions to this.

Glenn Brady asks whether there are any other options available to (the Board) other than simply upholding the protest and this license disappearing.

Erika McConnell states that the statute provides (the Board) with two options: to uphold the protest, or to find that the protest is arbitrary, capricious, and unreasonable. She adds that unfortunately, it does not provide the starting point for negotiations to address issues, and that AS 04 provides a lot of weight on the local government protest process.

Harriet Milks states that it's not as if those two choices are equally weighted – the statute states that the Board shall uphold the protest unless it finds that the protest is arbitrary and capricious and unreasonable.

Bob Klein states that (the Board) does not have any wiggle room when it comes to a protest that is not arbitrary, capricious, and unreasonable. He adds that his hope was that once (the Board) took its tour (of the AC liquor store) and had time to think about this, that perhaps there's a solution, and in that case, the Board would ask the City Council to remove the protest. He states that based on what (the Board) has now, that protest is not arbitrary, capricious, and unreasonable, and based on what (the Board) has, he fears for what the Board will impose on the community if it refuses to grant the license to continue. He adds that the Board is operating from hearsay and second-hand, and he really wants to go see what this is all about.

Rex Leath states that he thinks it would be great that everyone have an understanding of the geographical location, but that a field trip to the store would not give the Board the perspective that the local community has – the ones who live here, the ones who have lost loved ones, and the ones who live in the neighborhood and are concerned about their children. He adds that for him, a lot of weight goes to the community, and it's invaluable hearing the testimony. He states that he has heard 53 people with large concerns about this, six who sounded like they were willing to go either way, and that speaks volumes to him. He adds that for him, nothing that he is going to see would sway from the things that he has heard.

Bobby Evans states that he has been on this Board for four years now, and he has never seen or heard testimony that was this well-rounded of a community – they heard from education, law enforcement, teachers, community members, elders, people who lived within and outside of the neighborhood, people who lived within and outside of Bethel.

Bobby Evans moves to uphold the protest and deny the renewal.

Rex Leath seconds the motion.

None opposed, motion carries.

Bob Klein states that the license holder will be receiving communication from the director, and that this has been an incredible meeting.

● **ADJOURN**

7:06pm

Minutes prepared by:



Sarah D. Oates
Program Coordinator